GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2458
ANSWERED ON:31.07.2017
Purchase of Ethanol
Singh Deo Shri Kalikesh Narayan;Singh Shri Lallu

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether additional amount is required to be spent by the public sector oil companies for purchasing ethanol till November, 2017 due to implementation of Goods and Services Tax in the country and if so, the details thereof along with the additional amount required for this purpose, PSU-wise;
(b) the details of the percentage of tax levied by each State Government under the new taxation regime in the country;
(c) whether the Government proposes to unveil a new policy on first/second generation ethanol and if so, the details thereof along with funds/investment made by the Government for production of second generation ethanol to achieve desired results in this regard;
(d) the details of second generation ethanol plant set up in the country so far along with ethanol blending rate in the country during the last year and the current year, State/UT-wise; and
(e) whether any technical economic feasibility studies have been carried out for production of secod generation ethanol and if so, the details and the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (INDEPENDENT CHARGE)
(SHRI DHARMENDRA PRADHAN)
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(a) & (b): With effect from 1st July, 2017, the applicable GST rate on ethanol is 18 per cent.
Prior to this, excise duty on ethanol was 12.5 per cent and State VAT ranged from Nil to 8 per cent in different States. The per litre impact due to change in taxes varies from State to State as per earlier VAT rates.
(c) & (d): A National Policy on Bio-fuels has been notified by the Government in December 2009, which has laid down detailed guidelines about introduction of bio-fuels. The Policy aims to bring about accelerated development and promotion of the cultivation, production and use of biofuels to increasingly substitute petrol and diesel for transport.
On Second Generation (2G) ethanol, the Government has allowed procurement of ethanol produced from other non-food feedstocks besides molasses, like cellulosic and ligno cellulosic materials including petrochemical route.
Oil PSUs have decided to establish twelve 2G Ethanol bio-refineries in 11 States of the country and entered into Memorandum of Understanding (MoUs) with State Governments and Technology Providers for setting up five 2G ethanol bio-refineries. Foundation Stone of one bio-refinery has been laid by Hindustan Petroleum Corporation Limited on 25.12.2016 at Bathinda, Punjab.
During the last ethanol supply year 2015-16, OMCs achieved blend percentage of 3.5 per cent. For the current ethanol supply year 2016-17, it is 2.44 per cent as on 17.7.2017. State/UT wise blend percentage is given in Annexure.
(e) Engineers India Limited has studied some of the available 2G ethanol technologies and has prepared feasibility reports for setting up of 2G ethanol bio-refineries.
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